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Approved For Release 2000/08/30 : CIA-RDP80R01443R000200070005-9

MEMORANDUM

SUBJECT: Highlights of Ambassador Luce's Estimates on the Italian Situation as Gleaned from the Nash Papers

1. I have changed my ideas considerably since last April.
- 2a. If there is not a reversal of the present trend of voters towards Communism (especially the young voters of military age), in a few years Italy will be a Soviet satellite.
- 2b. Expect Italians to vote themselves step by step onto the Communist side over the period of the next two or three years.
- 2c. It would only require 2 to 5 per cent increase in Communism voting strength over the present 37 per cent for the hard core Communists to get control.
3. Should a Communist government come into power with a coup d'etat armed forces would support it.
4. Influential Italians who would fight Communism are utterly without confidence that they would be backed by U.S.
5. U.S. and U.K. have been very unwise in refusing to bring the internal Communist formerly before NATO. Apparently this stemmed from fear that the CIA might be forced to reveal certain of its activities in a multinational organization. DeGasperi wanted NATO active as the basis for a rigorous Italian housecleaning.
6. In the event of war --
 - a. Hundreds of thousands of Communists would be called to their colors in any mobilization.
 - b. Telephone system completely in hands of Communists.
 - c. L. of C. would be subject to sabotage in the event of hostilities.

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General Smith's "estimate of the situation" was less pessimistic than that of Ambassador Luce but still indicated a very serious view of the situation (21 Dec.). Full go-round will be held with Ambassador Luce and General Christiansen beginning 28 December.

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